

August 12, 2020

Directive 2020-16

TO: ALL PARTICIPATING LENDERS

SUBJECT: UPDATE TO MARYLAND SMARTBUY 2.0

We are streamlining the SmartBuy 2.0 loan product under the Maryland Mortgage Program to enable a wider outreach to Maryland homebuyers with student debt. Therefore, the five-year forgivable second lien which pays off student debt **will be capped at \$30,000** (currently \$40,000) for new reservations effective September 1, 2020.

The Community Development Administration (CDA) opened up the SmartBuy 2.0 loan product in 2018 with the second lien capped at \$30,000; later it increased to \$40,000. After two years of monitoring the product portfolio, CDA concluded that a cap of \$30,000 for the student debt related loan will serve more low- to moderate-income Maryland homebuyers who otherwise would not be able to purchase a home carrying the debt burden of a student loan.

As always, we appreciate your continued participation in our programs. If you have any questions concerning this directive or suggestions for improvements, please email singlefamilyhousing.dhcd@maryland.gov.

Sincerely,

Karl Metzgar

Karl Metzgar
Assistant Director / Operations Manager
Single Family Housing